

DDA

ROUTING AND TRANSMITTAL SLIP

Date

14 OCT 86

TO: (Name, office symbol, room number,
building, Agency/Post)

Initials

Date

1. D/FINANCE

2.

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Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	<input checked="" type="checkbox"/> For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

IG HAS ACTION ON ATTACHED

DO NOT use this form as a RECORD of approvals, concurrences, disposals,
clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

Phone No.

EXA/DDA

5041-102

* U.S.G.P.O.: 1983-421-529/320

OPTIONAL FORM 41 (Rev. 7-76)
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FPMR (41 CFR) 101-11.206

STAT

60-7

EXECUTIVE SECRETARIAT **ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
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6	DDA				
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8	DDS&T				
9	Chm/NIC				
10	GC				
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12	Compt				
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X (W/O Standards Pamphlet)

X (W/Pamphlet)

X (W/O Standards Pamphlet)

SUSPENSE _____ Date _____

Remarks

STAT

3637 (10-81)

Executive Secretary
9 Oct 86

Date



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

EXCLUSIVE NEGOTIATION

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OCT 06 1986

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES WITH
NON-STATUTORY INSPECTORS GENERAL

FROM: Joseph R. Wright, Jr.
Chairman, President's Council on Integrity and
Efficiency

SUBJECT: Quality Standards for Federal Audit and
Investigative Activities

Since 1981, the President has consistently spoken out against Government fraud and waste, giving his unflagging commitment to improved agency management and ongoing efforts to reduce the misuse of Government funds. Since 1982, these efforts have been cornerstones of the President's Management Improvement Program: Reform '88.

Effective agency audits and investigations are two integral tools in detecting and preventing fraud and waste and in improving agency management. Agencies must strengthen these two functions to promote economical, efficient and effective administration, and to detect fraud, waste and abuse in programs and operations. It is essential that we act to ensure that audits and investigations are as effective as possible.

Towards this end, the President's Council on Integrity and Efficiency has adopted the attached Quality Standards for Federal Offices of the Inspector General. These guidelines incorporate existing standards for audit and investigative efforts and provide a quality reference in all aspects of Inspector General work. Using these standards wherever applicable should ensure that quality audit and investigative work is done throughout Government.

These quality standards supplement two other Federal guidelines already available: OMB Circular A-73 and the Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities and Functions. To ensure independence and to give Inspector General recommendations high priority attention, Circular A-73, dated June 20, 1983, requires that all non-statutory Inspectors General report directly to the Department or agency head or its next ranking official. The Comptroller General's guidelines contain additional standards to ensure that existing agency audit and investigative functions are independent.

To carry out the President's fraud and waste reduction efforts, we are asking all Federal agencies to adhere to the requirements set out in Circular A-73 and the standards promulgated by the General Accounting Office. Failure to comply will result in a material weakness in your agency's internal control system which must be reported to the President and Congress under the provisions of the Federal Managers' Financial Integrity Act and OMB Circular A-123 reporting requirements.

In general, the Circular and the Quality Standards have three major requirements:

- o The Inspector General must report directly to the head of an entity or the next in rank;
- o They must have freedom from interference in the selection and conduct of audit activities; and
- o The auditors should have no program operating responsibilities.

By implementing these standards in your agency, you can ensure that audit and investigative work is both professional and high quality, and thus significantly contribute to the President's goal of guaranteeing the American public a Government that is efficient, effective and honest.